

# U.S. and Oklahoma Economic Update

*First National Bank Advisory Board*

*March 22, 2022*

**Chad Wilkerson**

*Vice President, Economist, and Oklahoma City Branch Executive*

\*The views expressed herein are those of the presenter only and do not necessarily reflect the views of the Federal Reserve Bank of Kansas City or the Federal Reserve System.





# The Oklahoma City Branch of the Federal Reserve Bank of Kansas City

[www.kansascityfed.org/oklahomacity](http://www.kansascityfed.org/oklahomacity)

- **Functions and purposes ~ 50 staff**
  - Research on U.S. and Oklahoma economies; energy sector and business survey focus
  - Examinations of Oklahoma financial institutions (~45 banks, ~175 holding cos.)
  - Risk analysis and IT development for bank exams; exam assistance for other Fed offices
  - Community development programming for low/moderate income groups, workforce focus
  - Economic education and public outreach programming
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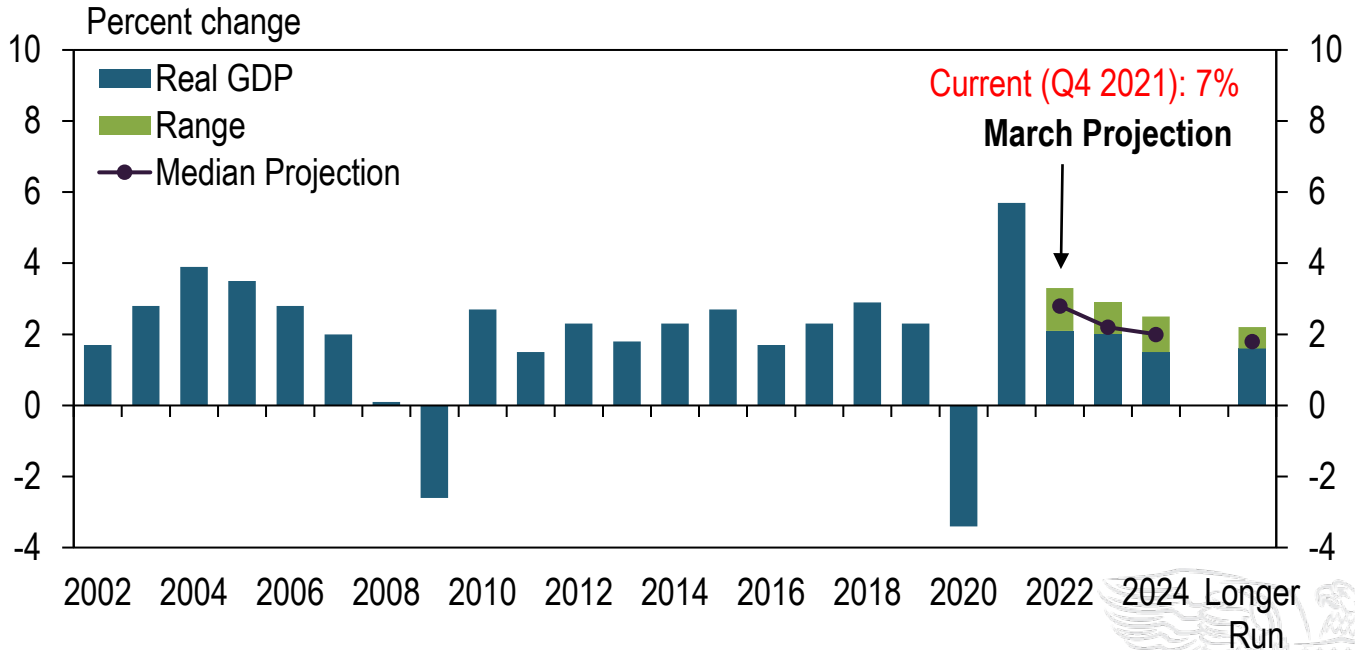
# Overview

- Further Fed rate increases are expected in 2022, along with the end of asset purchases, in order to combat inflation
- Oklahoma's population grew more in 2021 than any year since 2015, despite a big increase in deaths, due to in-migration
- Businesses are optimistic about future growth, though input price increases and supply chain issues remain
- Employment continues to slowly recover in Oklahoma, but a gap remains compared to pre-pandemic, especially in energy



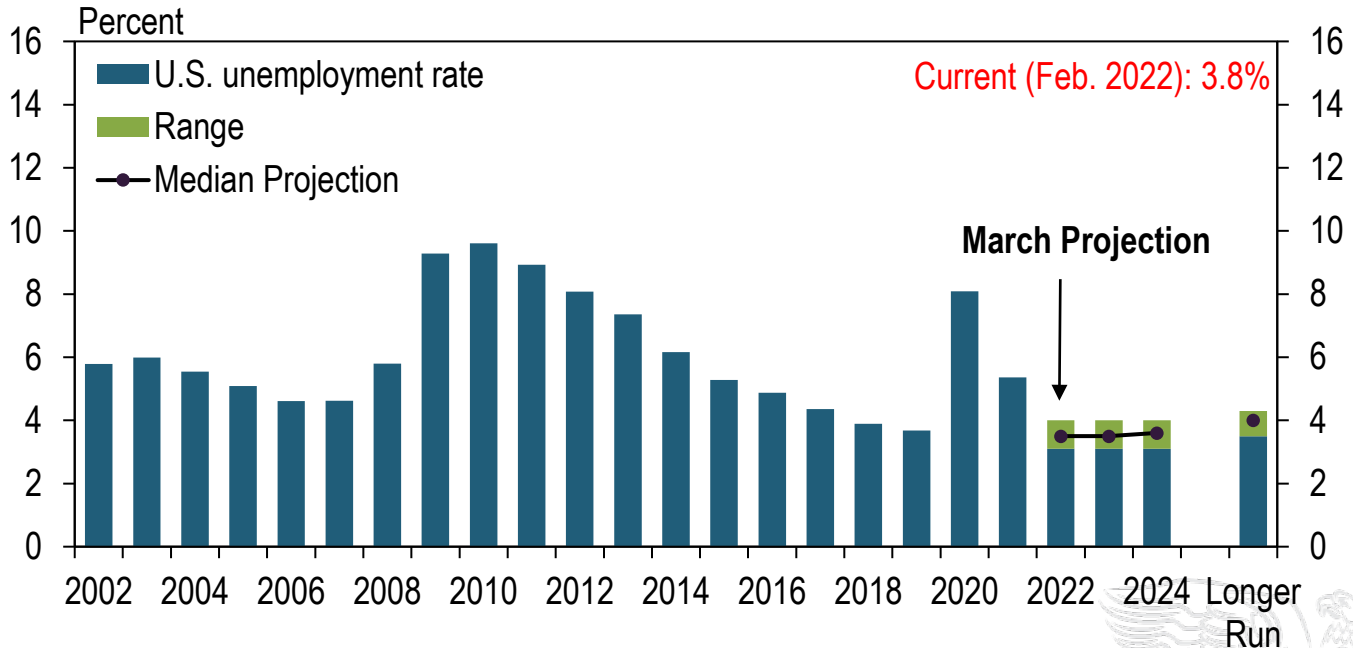
# GDP recovered strongly in 2021, including in Q4, with solid growth also expected in 2022

## Change in Real GDP



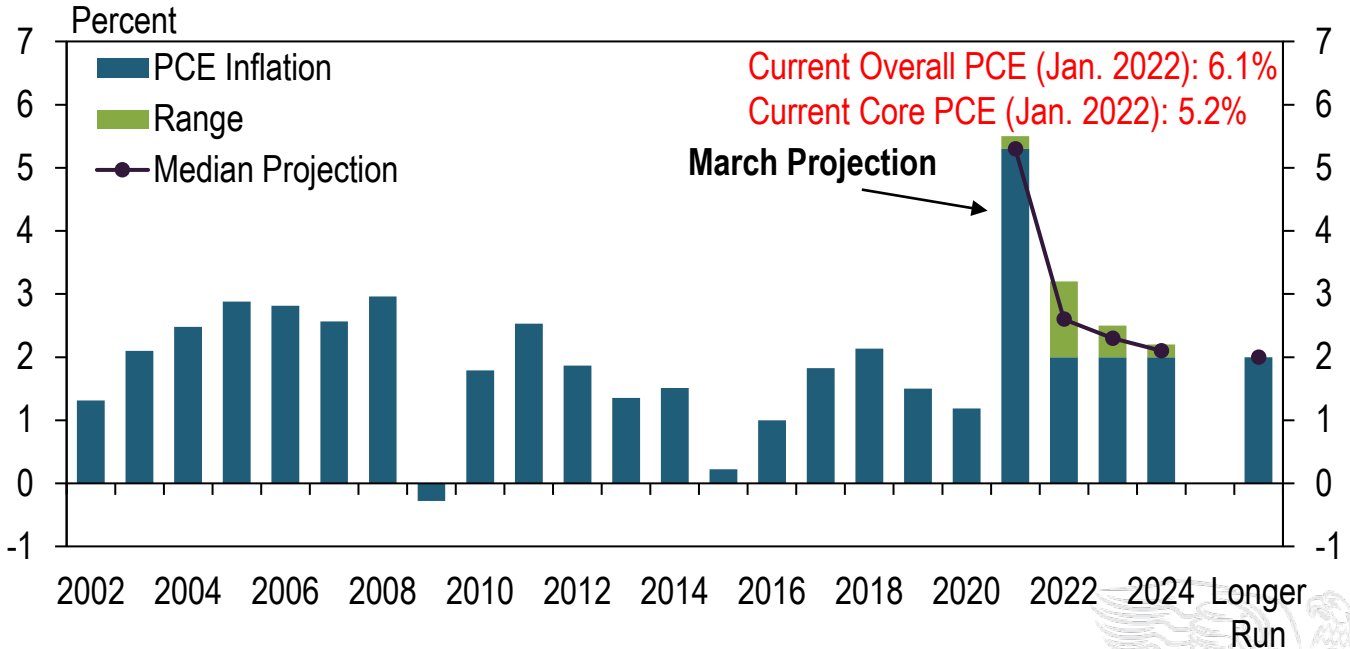
# U.S. unemployment remains historically low and is projected to remain very low in coming years

## U.S. Unemployment Rate



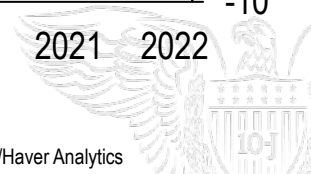
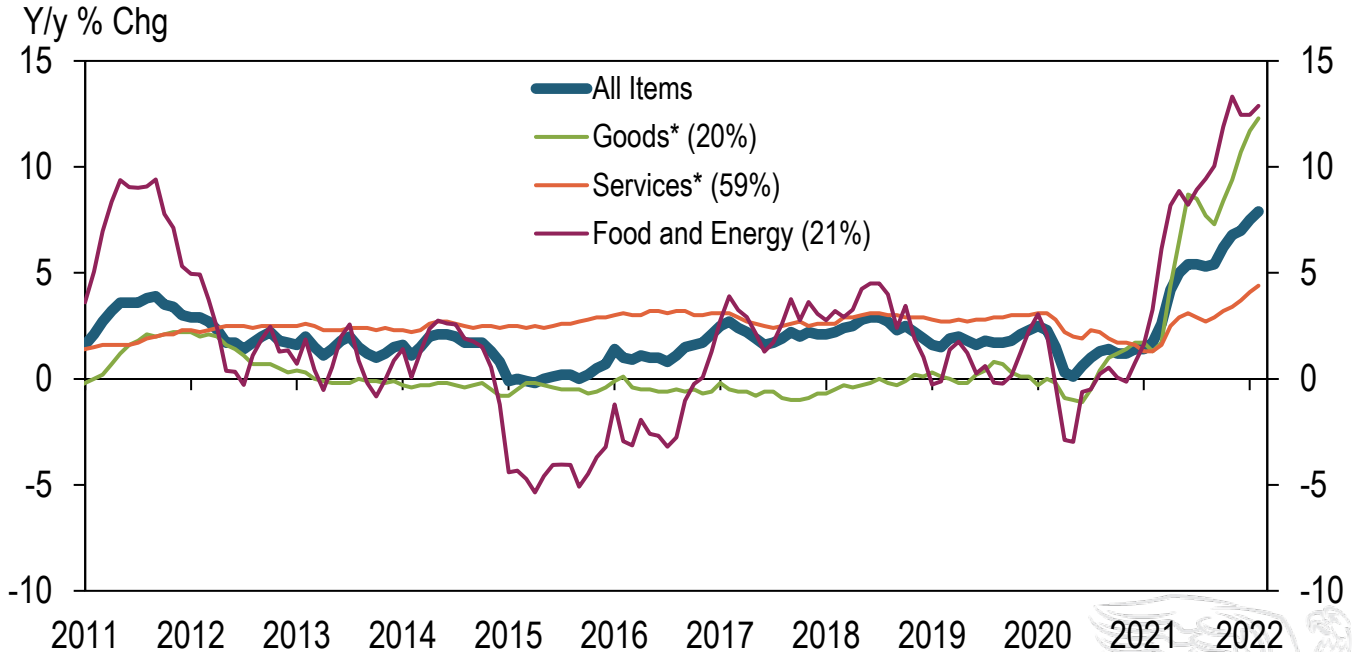
# High inflation rates are expected to ease by year-end as pandemic related disruptions begin to improve

PCE Inflation Index



# Most inflation pressure has been in goods, food and energy, but services prices are also rising

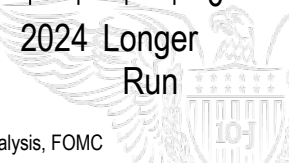
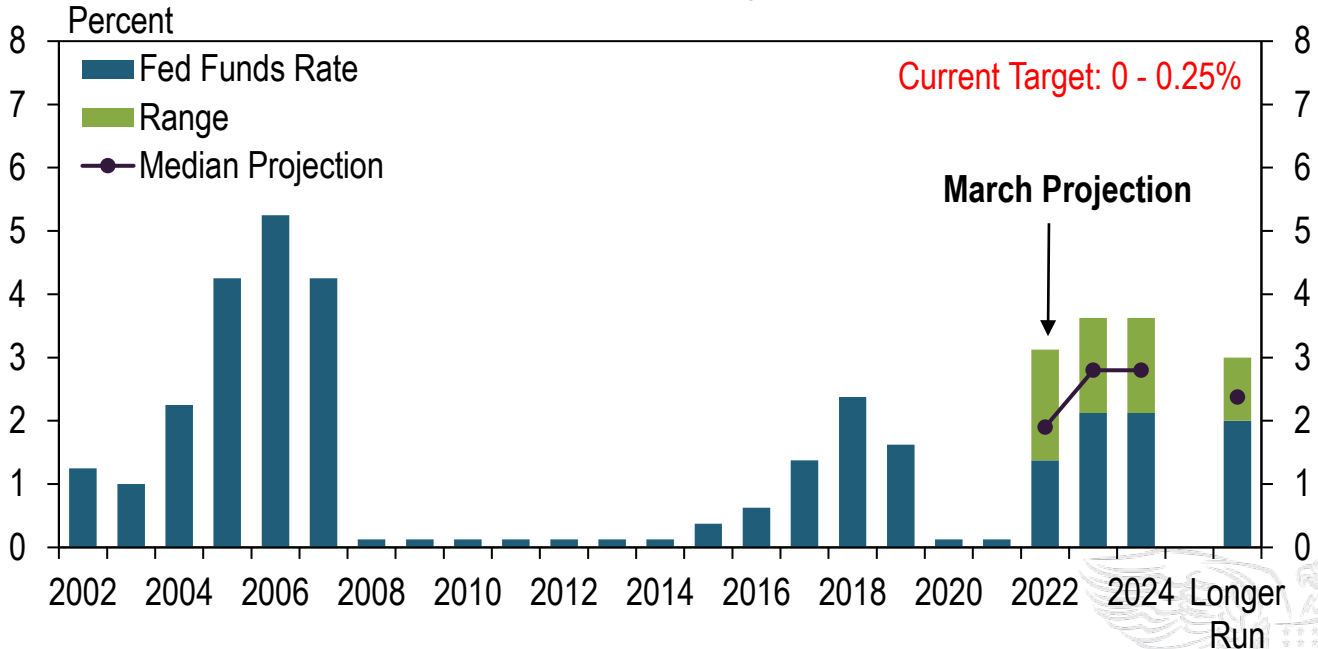
Consumer Price Index





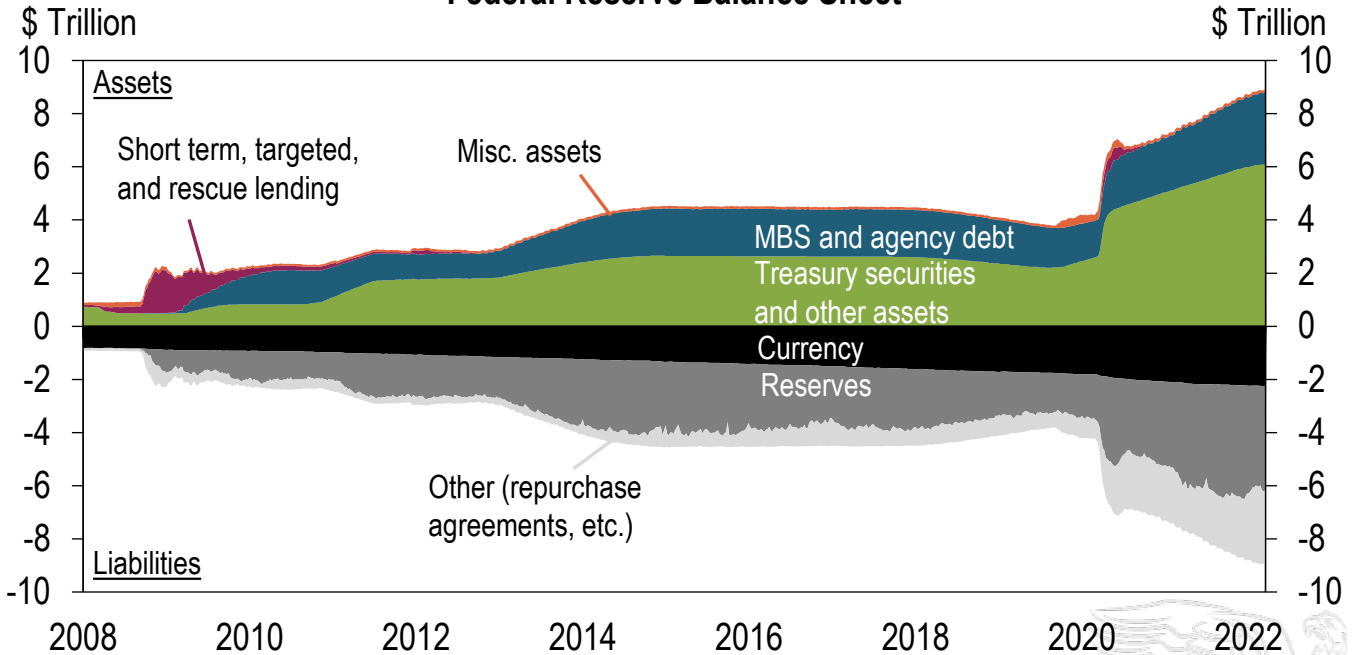
# Several rate increases are now expected in 2022 and following years

Federal Funds Rate  
Year-End Target



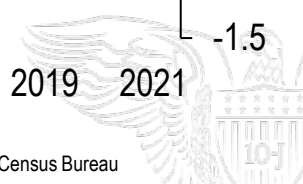
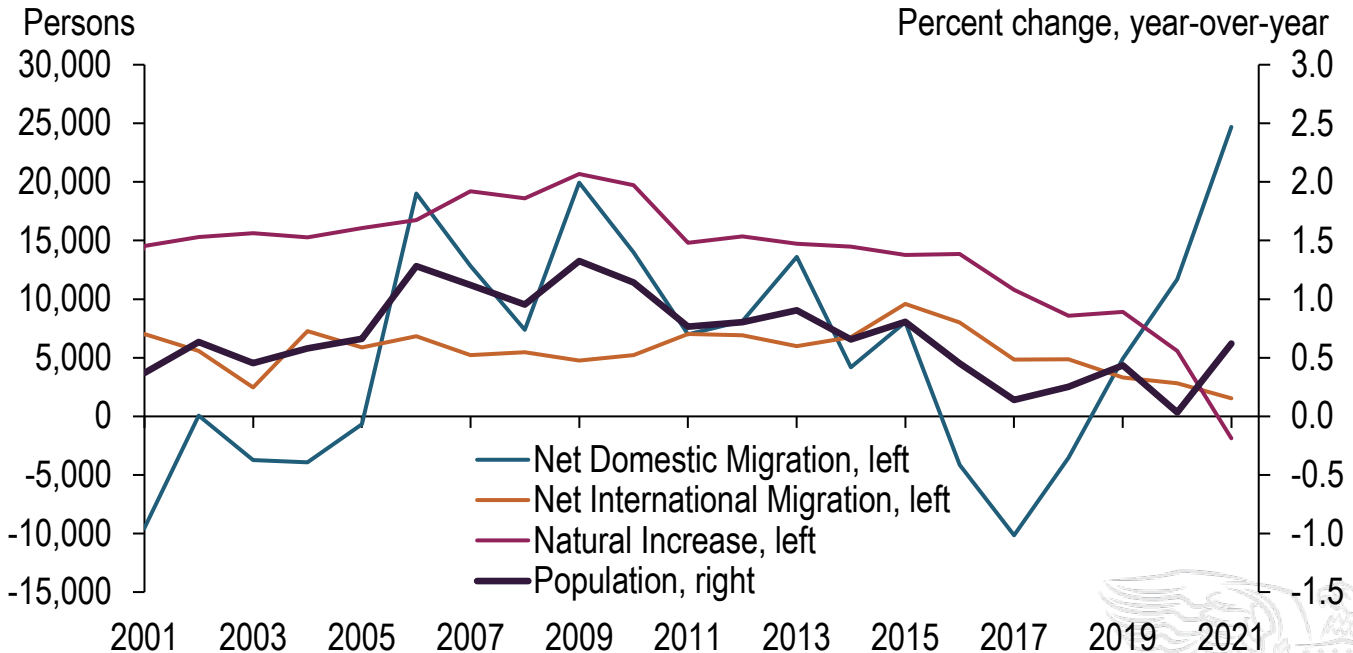
# The Fed's asset purchases will also level off in coming months

Federal Reserve Balance Sheet



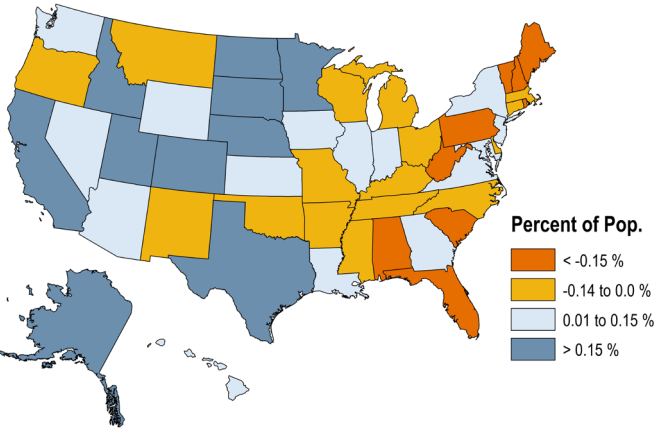
# In-migration to Oklahoma drove state population growth in 2021, despite a historic increase in deaths

Oklahoma Population Changes by Component, 2001-2021

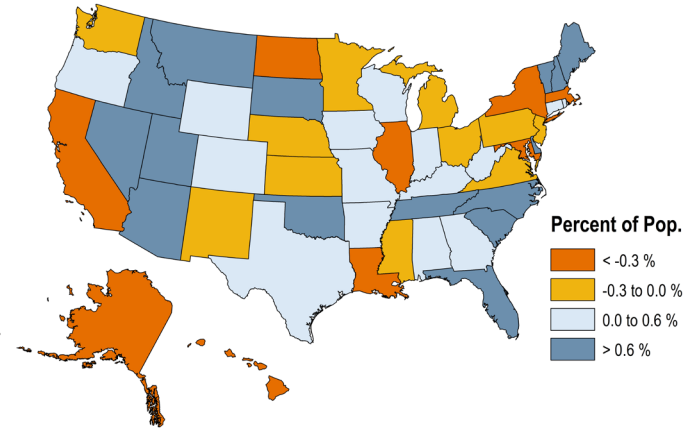


# Oklahoma ranked in the bottom half of states in natural population growth but top 25% in domestic in-migration

### Natural Pop. Increase (births – deaths) 2020-2021

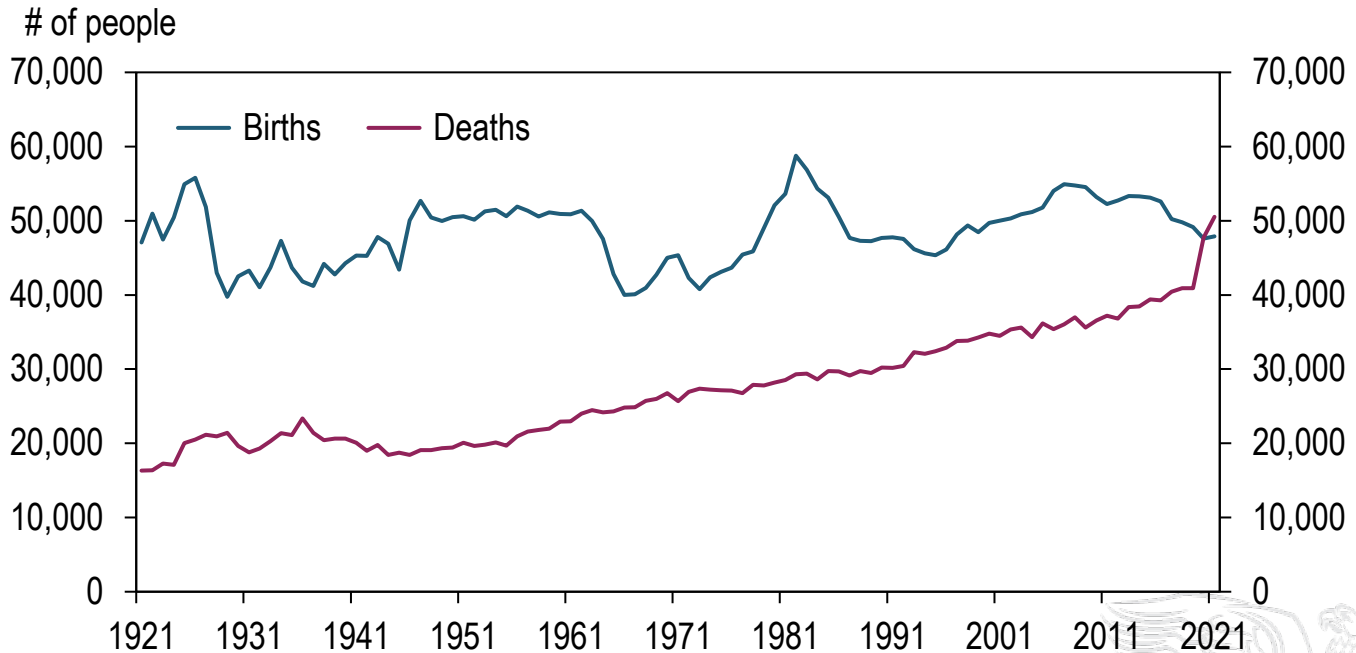


### Net Domestic Migration 2020-2021



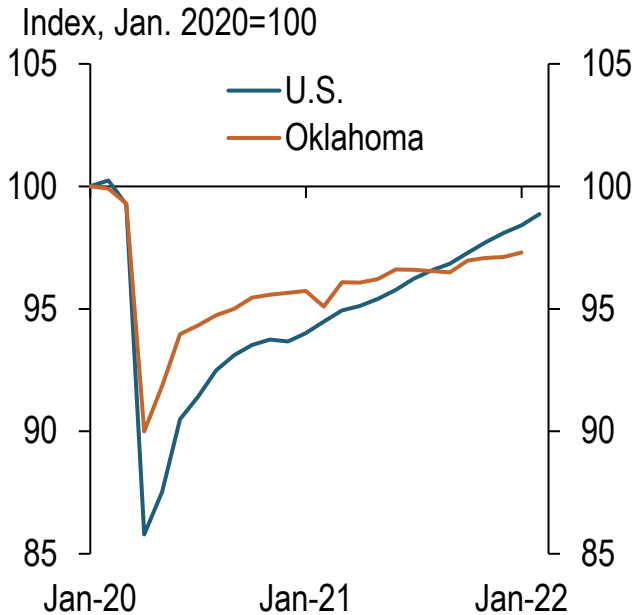
# Deaths outnumbered births in 2020 and 2021 in Oklahoma, a significant shift from the last 100 years

## Oklahoma Births and Deaths, 1921-2021

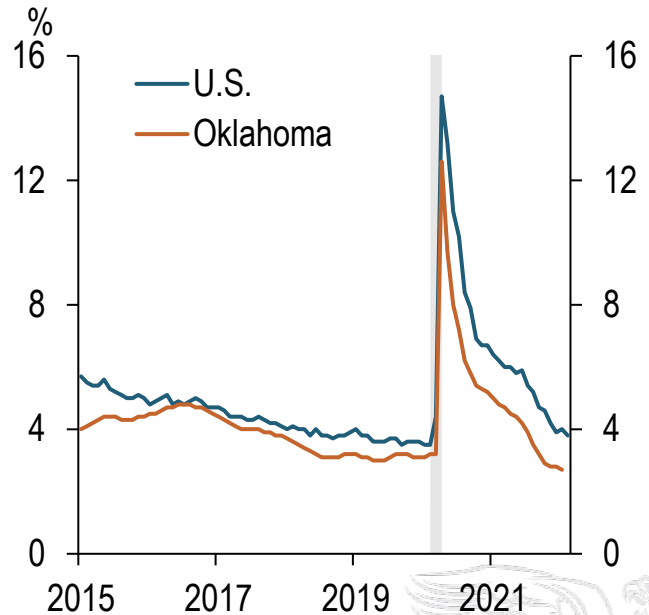


# The number of jobs in Oklahoma is still down, despite record low unemployment

## Non-Farm Payroll Employment

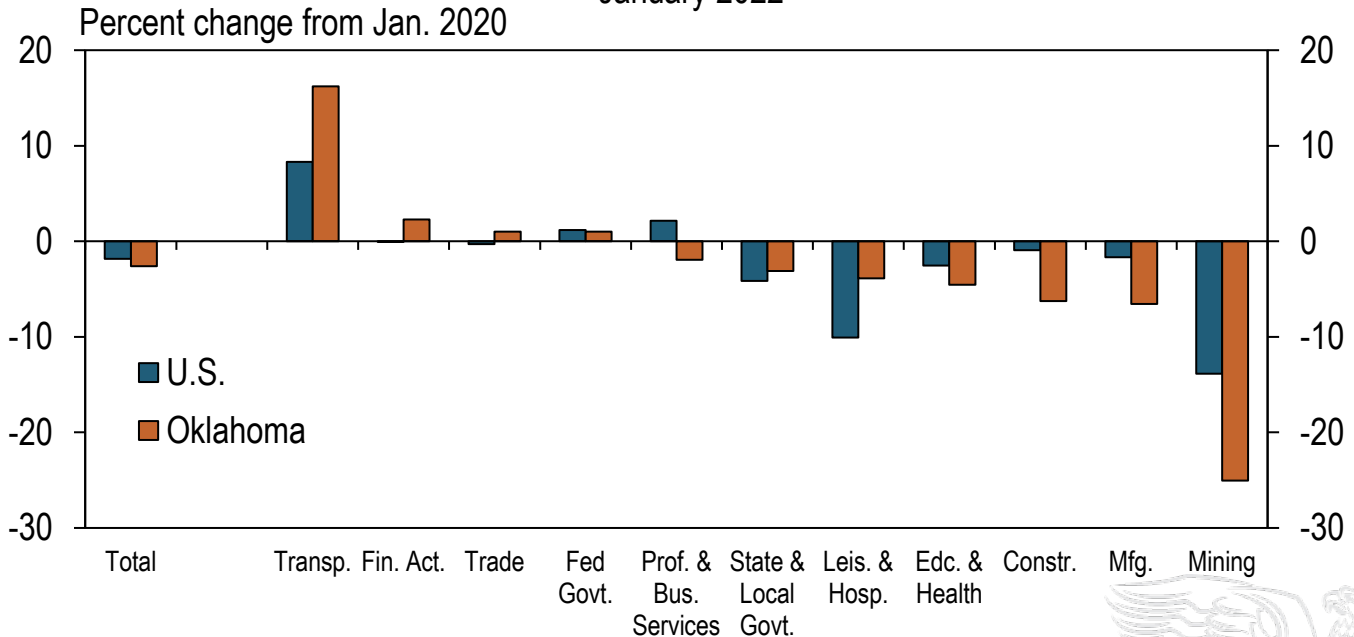


## Unemployment Rate



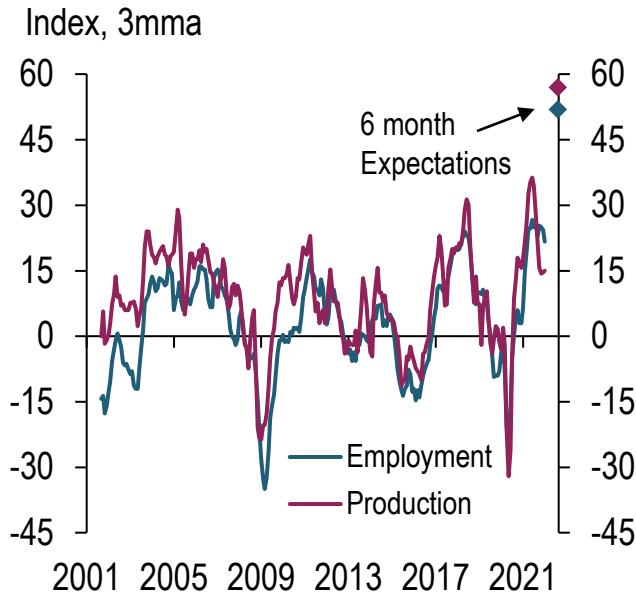
# Energy jobs in Oklahoma are still down the most, by far, while transportation jobs have grown

Job Growth by Industry  
January 2022

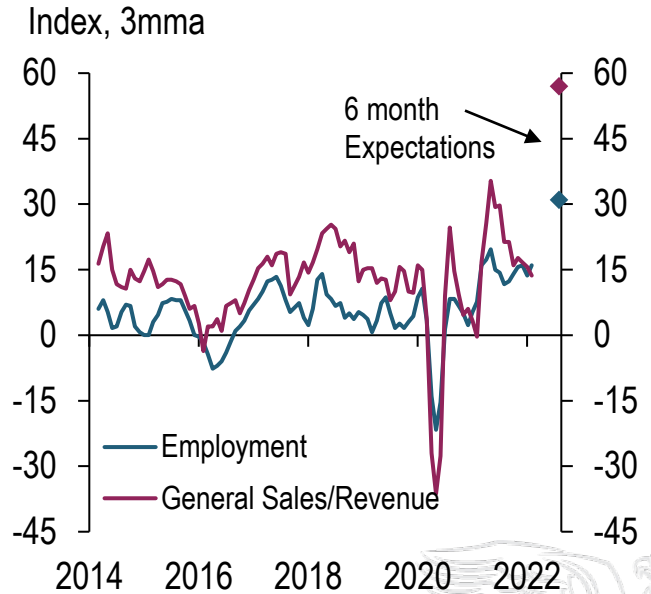


# Despite some slowdown in recent months, regional manufacturing and services outlooks are very strong

## KC Fed Manufacturing Survey



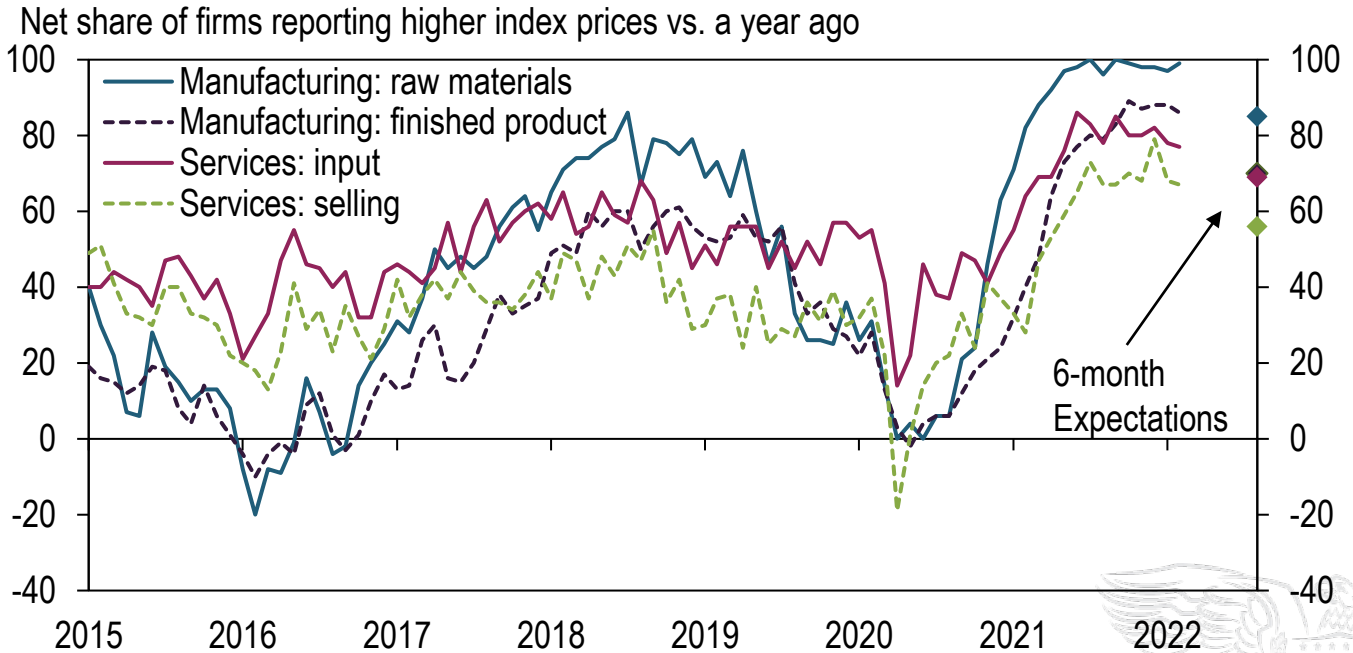
## KC Fed Services Survey





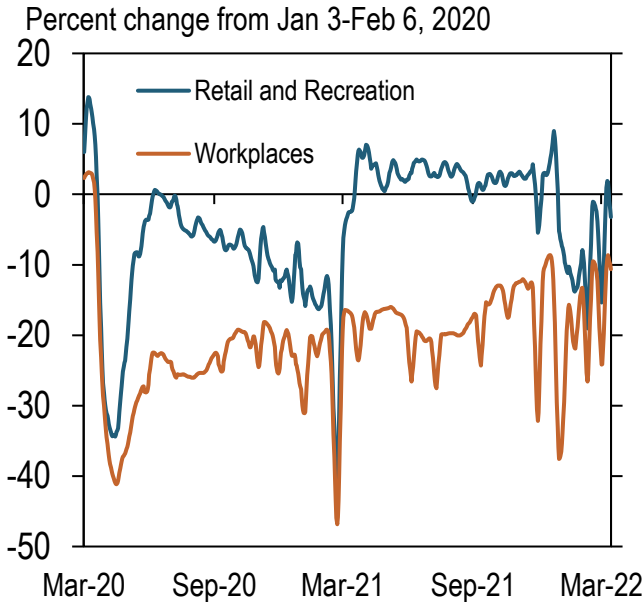
# Nearly all firms reported higher input prices through February, but some expect fewer increases in the future

## Survey Price Indexes

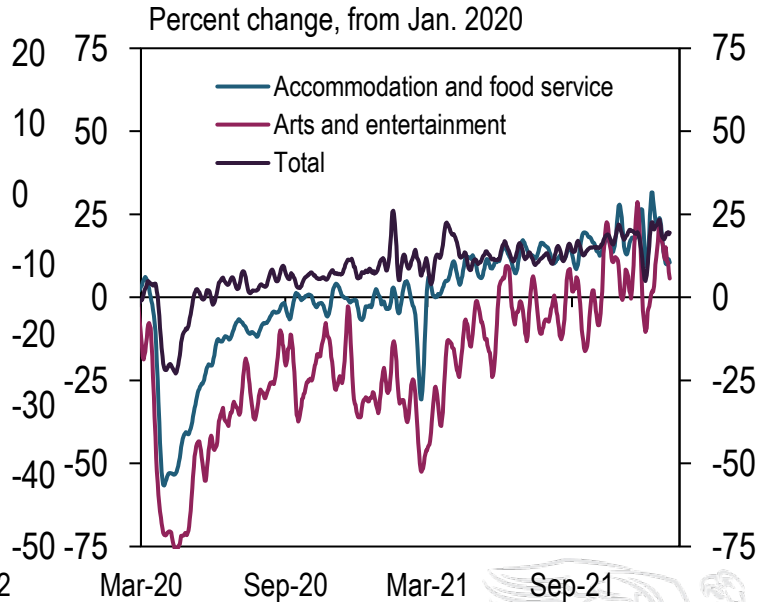


# Retail and workplace mobility improved early in March after dropping, and spending held up in early 2022

## Oklahoma Google Mobility Data

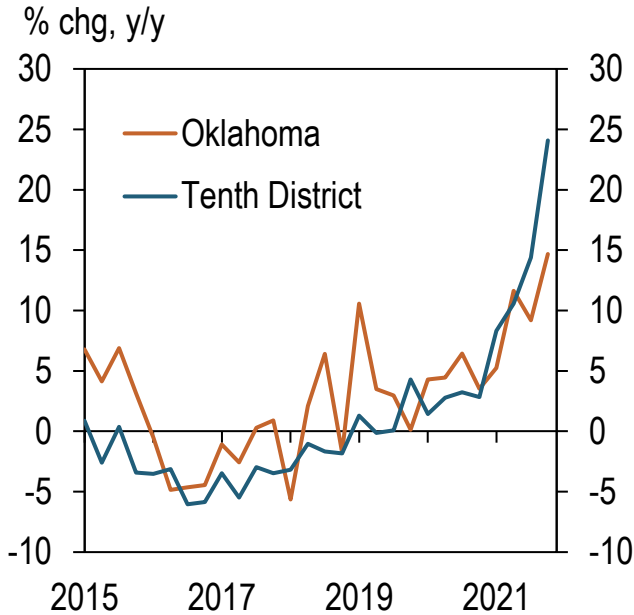


## Oklahoma Credit Card Spending

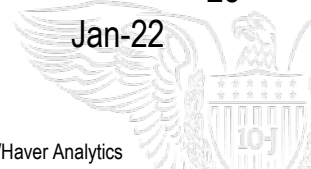
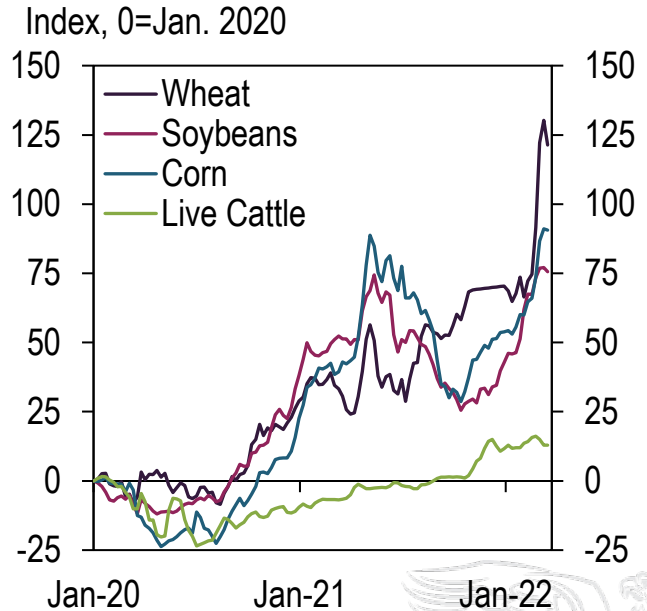


# Farm real estate in Oklahoma and the District has been strong, and commodity prices have increased

## Nonirrigated Cropland Values

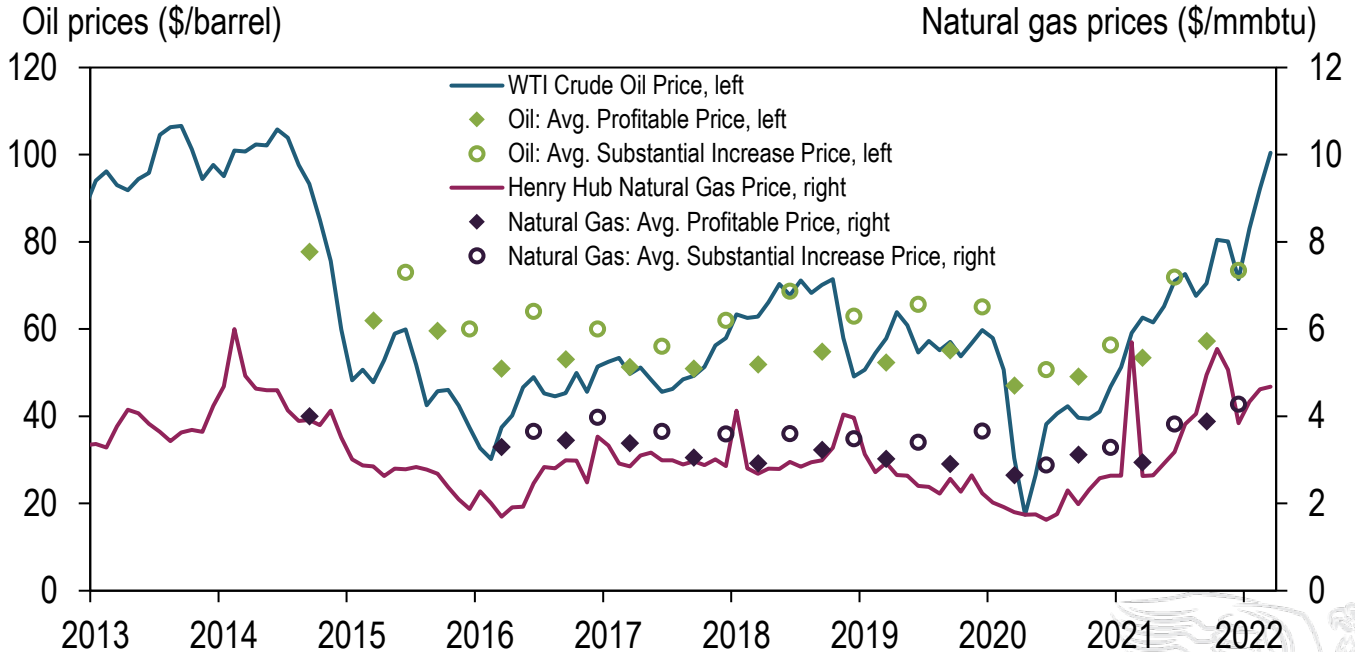


## Commodity Prices



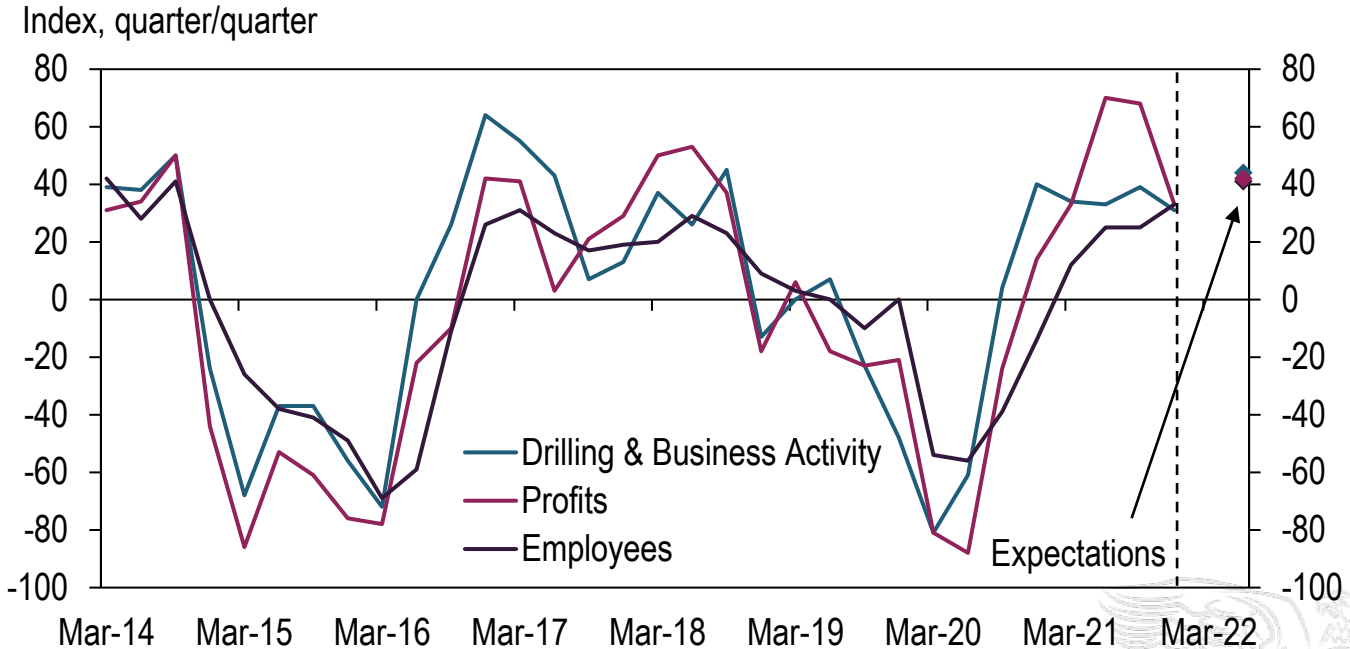
# Oil and natural gas prices have risen considerably, and remain highly profitable for most regional firms

## Energy Prices



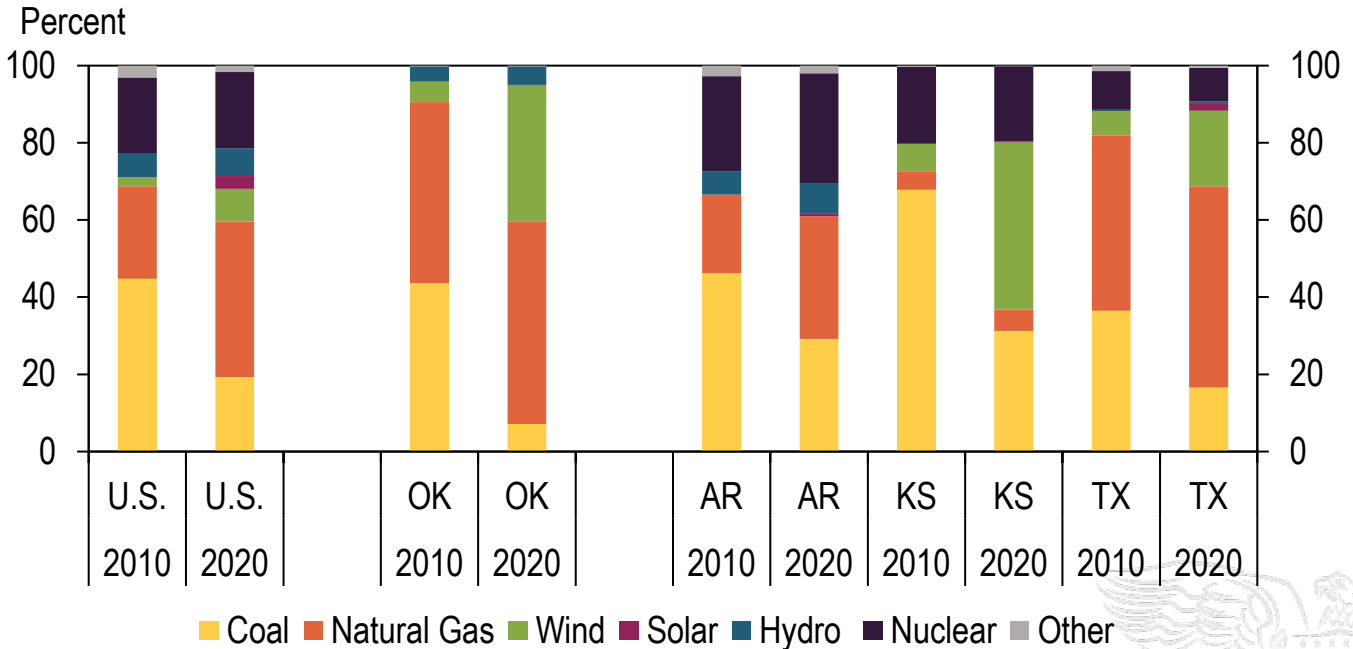
# Regional energy activity continued to increase through Q4 2021, with a solid outlook for future growth

Energy Survey Indexes



# Renewable energy has grown as a share of total electricity generation for OK and surrounding states

Share of Total Electricity Generation



# Summary

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# Questions?

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